



## **ASTA Michigan Travel Agents Oppose Governor Granholm's Proposed 2% Tax on Services**

The Michigan Chapter of the American Society of Travel Agents (ASTA) opposes Governor Granholm's proposed two percent tax on service businesses. This proposal is bad for Michigan's precarious economy and its citizens.

ASTA Michigan travel agents believe that the Governor's proposed tax will threaten and harm small businesses which are the backbone of the U.S. economy. Specifically, taxing travel agency fees would require travel agencies to either absorb the tax or pass the tax onto consumers in the form of higher prices. This added tax burden could cause consumers to move their business elsewhere, or avoid their travel purchase altogether. In essence, instead of raising money for the state of Michigan, this tax will only drive consumers to other out-of-state or online agencies in order to avoid the higher fees, and thus result in the loss of Michigan businesses, job and tax revenue.

The Governor's proposed service tax will only result in double taxation on travel agents' income stream. Travel agencies are low margin businesses trying to compete in highly competitive marketplace and this new tax burden is detrimental to the growth and prosperity of their agencies. The tax proposal does not differentiate between gross sales and net profit, which is critical to a travel agency where a majority of gross sales are "pass through" funds. Taxing travel agents on what they collect from the consumer is not only wrong, but unfair. Michiganders depend on travel professional services; without agents to provide convenience and incomparable one-stop shopping for a host of travel products, they would be deprived of choices to maximize the value of their travel purchases.

In sum, the proposed 2% service tax would place an enormous hardship on numerous small businesses in Michigan. As a result of this tax, Michigan consumers will choose to opt out of paying this added fee by purchasing directly from the Internet, which will only take more business away from Michigan's already precarious economy. In addition, this tax will result in double taxation of travel agents' income stream. Lastly, if this wrongful tax is passed, there is nothing to prevent it from increasing annually. Based on the above reasons, ASTA Michigan Chapter is calling on State Senators and Representatives to stop this onerous tax from becoming a reality.

ASTA is the leading professional travel trade organization in the world. Its current membership consists of approximately 6,000 travel agents across the nations, with a total membership of 20,000 members in some 140 countries. The Society represents both traditional and online travel agencies. ASTA's mission is to facilitate the business of selling travel through effective representation, shared knowledge, and the enhancement of professionalism. ASTA seeks a retail travel marketplace that is profitable, growing, and a rewarding place to work, invest and do business.

Clark E. Bisbee, CTC  
President  
Lee Bisbee Travel Service, Inc.  
Jackson, MI